

AMENDED IN SENATE AUGUST 10, 2010

AMENDED IN SENATE JUNE 21, 2010

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 20, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 2503**

---

**Introduced by Assembly Member John A. Pérez**

February 19, 2010

---

~~An act to repeal Section 6429.5 of, and to repeal and add Article 2 (commencing with Section 6420) of Chapter 5 of Part 1 of Division 6 of the Fish and Game Code, and to add Division 37 (commencing with Section 71500) to the Public Resources Code, relating to ocean resources.~~  
*An act to add Chapter 5.5 (commencing with Section 6600) to Part 1 of Division 6 of the Fish and Game Code, and to add Division 37 (commencing with Section 71500) to the Public Resources Code, relating to ocean resources.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 2503, as amended, John A. Pérez. Ocean resources: ~~artificial reefs~~; *marine resources and preservation*.

Existing law establishes a California Artificial Reef Program, administered by the Department of Fish and Game, to include the placement of artificial reefs, as defined, in state waters and a prescribed study of existing successful reefs and new reefs to determine design criteria.

This bill ~~would repeal those provisions and, instead,~~ would enact the California Marine Life ~~Legacy Resources~~ *Legacy* Act to establish a

~~program of artificial reef research and development to allow partial removal of offshore oil structures~~, administered by the department. The act would authorize the department to conditionally approve the conversion of an offshore oil platform or production facility into an artificial reef *partial removal of offshore oil structures*, if specified criteria are satisfied, including a finding that the alternative of ~~converting the decommissioned offshore oil platform or production facility into an artificial reef~~ *partial removal* provides a net environmental benefit and substantial cost savings compared to the alternative of ~~removing the facilities~~ *full removal of these structures*. The act would require the Ocean Protection Council, for purposes of determining whether ~~such a conversion~~ *partial removal* provides a net environmental benefit, to ~~determine~~ *establish specified* criteria for biological evaluation of an oil platform or production facility for use as an artificial reef, to consult with the department, the California Coastal Commission, the State Lands Commission, the California Ocean Service Trust, and other responsible agencies as to those criteria, and would require that the ~~conversion~~ *partial removal* comply with the California Environmental Quality Act. The act would require the State Lands Commission to determine the cost savings of a ~~conversion~~ *partial removal*, and would require the owner or operator, upon conditional approval for conversion, to apportion a percentage of the ~~cost savings~~ *cost-savings* funds in accordance with a prescribed schedule to the California Endowment for Marine Preservation, the county immediately adjacent to the location of the facility, *the Coastal Act Services Fund*, and the General Fund. The act would authorize the department to take title to a decommissioned offshore oil ~~platform or production facility~~ *structure* in open coastal waters if prescribed requirements are met.

The bill would establish the California Endowment for Marine Preservation, subject to the Nonprofit Public Benefit Corporation Law, in order to create a permanent source of funding for projects and programs that will conserve, protect, restore, and enhance the open coastal and marine resources of the state. The endowment would be governed by a board of directors, with membership and duties prescribed by the bill.

The bill would require the endowment to coordinate its activities with the Department of Fish and Game, the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Lands Commission, and appropriate federal agencies. The bill would require the endowment to allocate 10% of any funds received

pursuant to the act to qualified state agencies within 24 months of receipt of the funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Chapter 5.5 (commencing with Section 6600) is*  
2     *added to Part 1 of Division 6 of the Fish and Game Code, to read:*

3  
4     *CHAPTER 5.5. CALIFORNIA MARINE RESOURCES LEGACY ACT*  
5

6                     *Article 1. General Provisions*  
7

8     6600. *This act shall be known, and may be cited, as the*  
9     *California Marine Resources Legacy Act.*

10    6601. *The Legislature finds and declares all of the following:*

11    (a) *California's extraordinary marine biological diversity is a*  
12    *vital asset to the state and nation. The diversity of species and*  
13    *ecosystems found in the ocean waters off the state is important to*  
14    *public health and well-being, ecological health, and*  
15    *ocean-dependent economic activities.*

16    (b) *Although the state maintains various programs to protect,*  
17    *restore, and enhance California's marine resources, the effect of*  
18    *these programs is limited by inadequate and unstable funding.*

19    (c) *There is an existing permitting process for decommissioning*  
20    *and fully removing offshore oil platforms or production facilities.*  
21    *Owners and operators are currently responsible for the full cost*  
22    *of decommissioning and remediating those facilities.*

23    (d) *According to the United States Department of the Interior,*  
24    *the 23 oil and gas platforms in federal waters off the California*  
25    *coast are expected to reach the end of their useful production*  
26    *lifetimes and be decommissioned between 2015 and 2030.*

27    (e) *The California Ocean Science Trust in its June 2010 study,*  
28    *titled "Evaluating Alternatives for Decommissioning California's*  
29    *Offshore Oil and Gas Platforms: A Technical Analysis to Inform*  
30    *State Policy," analyzed a number of decommissioning alternatives*  
31    *to full rig removal and determined that the most likely alternative*  
32    *is to remove the upper portion of the rig and leave the remainder*  
33    *of the structure in place.*

1     (f) *The California Ocean Science Trust report and other studies*  
2     *indicate that the partial removal option can result in a net benefit*  
3     *to the marine environment and substantial cost savings compared*  
4     *to full removal of an oil platform or production facility.*

5     (g) *Provided that partial removal of an oil rig would result in*  
6     *a net benefit to the marine environment compared to full removal,*  
7     *it is in the interest of the state that a portion of the cost savings*  
8     *that result from partial removal should be shared with the citizens*  
9     *of this state to protect and enhance the state's marine resources.*

10    (h) *It is also in the interest of the state that any program to allow*  
11    *partial removal of oil platforms meet all of the following criteria:*

12    (1) *Partial removal shall result in a net benefit to the marine*  
13    *environment compared to full removal.*

14    (2) *The determination of whether partial removal would result*  
15    *in a net benefit to the marine environment should be made only*  
16    *after scientific study and evaluation.*

17    (3) *Because the location and depth of an oil platform, as well*  
18    *as other ecological factors, create a unique environment, each oil*  
19    *platform shall be subject to scientific study and evaluation before*  
20    *partial removal is allowed.*

21    (4) *The costs of the scientific study and evaluation should be*  
22    *borne by the owner or operator of the oil platform for which partial*  
23    *removal is being considered.*

24    6602. *For purposes of this chapter, the following terms have*  
25    *the following meanings:*

26    (a) *"Commission" means the State Lands Commission.*

27    (b) *"Cost savings" means the difference between the estimated*  
28    *cost to the owner or operator of an oil platform of complete*  
29    *removal of an oil platform as required by state and federal leases*  
30    *and the estimated costs to the owner or operator of partial removal*  
31    *of the oil platform pursuant to this chapter.*

32    (c) *"Council" means the Ocean Protection Council.*

33    (d) *"Endowment" means the California Endowment for Marine*  
34    *Preservation established in Division 37 (commencing with Section*  
35    *71500) of the Public Resources Code.*

36    (e) *"Exclusive economic zone (EEZ)" means the zone as*  
37    *measured from the mean high tide line seaward to 200 nautical*  
38    *miles, as set forth in Presidential Proclamation 5030 of March*  
39    *10, 1983, in which the United States proclaimed jurisdiction over*  
40    *the resources of the ocean within 200 miles of the coastline.*

1 (f) “National Fishing Enhancement Act of 1984” means Title  
2 II of Public Law 98-623.

3 (g) “Offshore oil structure” means platforms, piers, and  
4 artificial islands located seaward of mean lower low water, used  
5 for oil and gas exploration, development, production, processing,  
6 or storage.

7 (h) “Oil” means any kind of petroleum, liquid hydrocarbons,  
8 natural gas, or petroleum products or any fraction or residues  
9 therefrom.

10 (i) “Open coastal marine resources” means those marine  
11 resources that use open coastal waters as their habitat.

12 (j) “Open coastal waters” means the area composed of the  
13 submerged lands of the state that are below the mean lower low  
14 water, extending seaward to the boundaries of the exclusive  
15 economic zone.

16 (k) “Partial removal” means an alternative to full removal of  
17 an offshore oil structure, in compliance with all requirements of  
18 this chapter.

19 (l) “State waters” means waters within the seaward boundary  
20 of the state as identified in Section 2 of Article III of the California  
21 Constitution.

22 6603. (a) This chapter establishes a program through which  
23 an owner or operator of an offshore oil structure may voluntarily  
24 apply to the department to carry out partial removal of the  
25 structure.

26 (b) The program established pursuant to this chapter shall be  
27 deemed consistent with, and part of, the California Artificial Reef  
28 Program pursuant to Article 2 (commencing with Section 6420)  
29 of Chapter 5 for purposes of compliance with federal law including  
30 the National Fishing Enhancement Act of 1984.

31 (c) Except as specified in Section 6604, the department shall  
32 serve as the primary authority for carrying out the program,  
33 including review and approval of applications to partially remove  
34 an offshore oil structure and management and operation of  
35 decommissioned offshore oil structures approved pursuant to this  
36 chapter.

37 (d) Final approval of an application shall not be granted until  
38 the owner or operator complies with all requirements of the  
39 chapter, including the payment of all costs to the state to review  
40 and approve the proposed project as required by subdivision (b)

1 of Section 6612 and the transmittal of the required portion of cost  
2 savings to the endowment and other parties as required by Section  
3 6618.

4 (e) The department may obtain funds for the planning,  
5 development, maintenance, and operation of an offshore oil  
6 structure transferred to the department pursuant to this chapter  
7 and may accept gifts, subventions, grants, rebates, and subsidies  
8 from any lawful source.

9 (f) The department may adopt regulations to implement this  
10 chapter.

11 6604. (a) A proposed project to partially remove an offshore  
12 oil structure pursuant to this chapter is a project as defined in  
13 subdivision (c) of Section 21065 of the Public Resources Code and  
14 is therefore subject to the California Environmental Quality Act  
15 (Division 13 (commencing with Section 21000) of the Public  
16 Resources Code) and shall be reviewed pursuant to the time limits  
17 established in Section 21100.2 of the Public Resources Code.

18 (b) The commission shall serve as the lead agency for the  
19 environmental review of any project proposed pursuant to this  
20 chapter.

21 6605. (a) Nothing in this chapter is intended, and it shall not  
22 be construed, to limit or affect the authority or duties of any state  
23 or local agency, including, but not limited to, the commission, the  
24 council, and the California Coastal Commission.

25 (b) Nothing in this chapter shall be construed to do any of the  
26 following:

27 (1) Relieve the prior owner or operator of an offshore oil  
28 structure from any continuing liability under any of the following,  
29 if the liability is associated with seepage or release of oil from an  
30 offshore oil structure that was decommissioned pursuant to an  
31 order of, or any action taken by, and in accordance with, any  
32 applicable rule or regulation of, any federal or state agency:

33 (A) Any state statute or regulation regarding liability for the  
34 spilling of oil.

35 (B) The federal Oil Pollution Act of 1990 (33 U.S.C. Sec. 2701  
36 et seq.).

37 (C) Any other provision of law.

38 (2) Establish any new liability on the part of the state.

39 (3) Require any agency with jurisdiction to approve the partial  
40 removal of an offshore oil structure.

1     (4) *Promote, encourage, or facilitate offshore oil exploration,*  
2 *development, and production within California's open coastal*  
3 *waters.*

4     (5) *Require the United States Department of the Interior or the*  
5 *commission to modify, amend, or alter an existing oil and gas lease*  
6 *to approve partial removal of an offshore oil structure.*

7     (6) *Alter any existing law or applicable rule or regulation of*  
8 *any federal or state agency that establishes liability for damages*  
9 *arising with respect to artificial reefs or reef materials, including,*  
10 *but not limited to, components of decommissioned oil structures.*

11     (7) *Alter any existing law or policy that protects natural reefs.*

12     (8) *Approve any particular method of abandonment.*

13     (c) *Any partial removal of an offshore oil structure pursuant to*  
14 *this chapter shall not be used or counted as mitigation for any*  
15 *environmental impacts or natural resource damages.*

16  
17             *Article 2. Partial Removal of Offshore Oil Structures*  
18

19     6610. (a) *An owner or operator of an offshore oil structure*  
20 *may apply to the department for approval to partially remove the*  
21 *structure pursuant to the requirements of this chapter.*

22     (b) *The department shall design and make available to potential*  
23 *applicants an application process that will facilitate review of the*  
24 *application by the department in a timely manner, consistent with*  
25 *Section 6604.*

26     (c) *Upon receipt of an application pursuant to this section, the*  
27 *department shall transmit a copy of the application to the council,*  
28 *the commission, and the endowment, which shall constitute notice*  
29 *to these agencies.*

30     6611. (a) *The application for partial removal shall include,*  
31 *at a minimum, all of the following:*

32     (1) *The applicant's plan and schedule for partial removal of*  
33 *the offshore oil structure, including removal of any portion of the*  
34 *structure as appropriate to maintain navigational safety.*

35     (2) *A determination of the estimated cost of partial removal and*  
36 *the estimated cost of full removal.*

37     (3) *A determination of the environmental impacts to the marine*  
38 *environment from partial removal and full removal of the structure.*

39     (4) *Identification of all permits, leases, and approvals required*  
40 *by any governmental agency, including a permit issued by the*

1 *United States Corps of Engineers if required for offshore oil*  
2 *structures located in federal waters, and a lease issued by the*  
3 *commission if the proposed project involves state tidelands and*  
4 *submerged lands, and a proposed schedule for the applicant to*  
5 *receive those permits, leases, and approvals.*

6 *(b) The department may require the applicant to submit a*  
7 *management plan for the structure following partial removal,*  
8 *including maintenance in a manner consistent with navigational*  
9 *safety, enforcement, and monitoring.*

10 *(c) The information submitted pursuant to subdivisions (a) and*  
11 *(b) shall be used by the department for advisory purposes only.*  
12 *Final determinations regarding the partial removal and*  
13 *management of the offshore oil structure, net benefit to the marine*  
14 *environment from partial removal, and cost savings from partial*  
15 *removal shall be made solely by the department, council, and*  
16 *commission, as specified in this chapter, based on their*  
17 *independent review and judgment.*

18 *6612. (a) Upon receipt of an application to partially remove*  
19 *an offshore oil structure pursuant to this chapter, the department*  
20 *shall determine whether the application is complete and includes*  
21 *all information needed by the department.*

22 *(b) (1) Upon a determination that the application is complete,*  
23 *the applicant shall demonstrate to the satisfaction of the*  
24 *department that it will provide sufficient funds to the department,*  
25 *council, and commission to carry out all required activities*  
26 *pursuant to this article, including all of the following:*

27 *(A) Environmental review of the proposed project pursuant to*  
28 *Section 6604.*

29 *(B) A determination of net environmental benefit pursuant to*  
30 *Section 6613.*

31 *(C) A determination of cost savings pursuant to Section 6614.*

32 *(D) Preparation of a management plan for the structure*  
33 *pursuant to Section 6615.*

34 *(E) Implementation of the management plan and ongoing*  
35 *maintenance of the structure after the department takes title*  
36 *pursuant to Section 6620.*

37 *(F) Other activities undertaken to meet the requirements of this*  
38 *article, including the costs of reviewing, approving, and permitting*  
39 *the proposed project, which includes the costs of determining*  
40 *whether the project meets the requirements of all applicable laws*



1 *and regulations and the costs of environmental assessment and*  
2 *review.*

3 *(2) The department shall consult with the council and*  
4 *commission in determining appropriate funding for activities to*  
5 *be carried out by those agencies.*

6 *(3) The funds provided pursuant to paragraph (1) shall not be*  
7 *considered in the calculation of cost savings pursuant to Section*  
8 *6614 or the apportionment of cost savings pursuant to Section*  
9 *6618.*

10 *(c) As soon as feasible after reaching the agreement pursuant*  
11 *to subdivision (b), the lead agency shall begin the environmental*  
12 *review of the proposed project as required pursuant to Section*  
13 *6604.*

14 *6613. (a) The council shall determine whether the partial*  
15 *removal of an offshore oil structure pursuant to this chapter*  
16 *provides a net benefit to the marine environment compared to the*  
17 *full removal of the structure.*

18 *(b) As a necessary prerequisite to determining net environmental*  
19 *benefit as required in subdivision (a), the council shall, upon*  
20 *receipt of its initial application from the department pursuant to*  
21 *Section 6610, establish appropriate criteria for evaluating the net*  
22 *environmental benefit of full removal and partial removal of*  
23 *offshore oil structures.*

24 *(1) The criteria shall include, but are not limited to, the depth*  
25 *of the partially removed structure in relation to its value as habitat*  
26 *and the location of the structure, including its proximity to other*  
27 *reefs, both natural and artificial.*

28 *(2) The criteria shall not include any consideration of the funds*  
29 *to be generated by the partial removal of the structure.*

30 *(3) In determining the criteria, the council shall consult with*  
31 *appropriate entities, including, but not limited to, the department,*  
32 *the commission, the California Coastal Commission, and the*  
33 *California Ocean Science Trust.*

34 *(4) The council shall establish the criteria in time to use them*  
35 *in making its initial determination of net environmental benefit*  
36 *pursuant to this section.*

37 *(c) Upon certification of environmental documents pursuant to*  
38 *the California Environmental Quality Act, the council shall, based*  
39 *on the criteria developed pursuant to subdivision (b) and other*  
40 *relevant information, determine whether partial removal of the*

1 *structure would provide a net benefit to the marine environment*  
2 *compared to full removal of the structure. In making the*  
3 *determination, the council shall, at a minimum, take into account*  
4 *the following:*

5 *(1) The contribution of the proposed structure to protection and*  
6 *productivity of fish and other marine life.*

7 *(2) Any adverse impacts to biological resources or water quality,*  
8 *or any other marine environmental impacts, from the full removal*  
9 *of the facility that would be avoided by partial removal as proposed*  
10 *in the application.*

11 *(3) Any adverse impacts to biological resources or water quality,*  
12 *or any other marine environmental impacts, from partial removal*  
13 *of the structure as proposed in the application.*

14 *(4) Any benefits to the marine environment that would result*  
15 *from the full removal of the structure or from partial removal as*  
16 *proposed in the application.*

17 *(5) Any identified management requirements and restrictions*  
18 *of the partially removed structure, including, but not limited to,*  
19 *restrictions on fishing or other activities at the site.*

20 *(d) Benefits resulting from the contribution of cost savings to*  
21 *the endowment shall not be considered in the determination of net*  
22 *environmental benefit.*

23 *(e) The council may contract or enter into a memorandum of*  
24 *understanding with any other appropriate governmental or*  
25 *nongovernmental entity to assist in its determination of net*  
26 *environmental benefit.*

27 *(f) The determination made pursuant to this section and*  
28 *submitted to the department by the council shall constitute the*  
29 *final determination and may not be revised except by the council.*

30 *(g) The council shall take all feasible steps to complete its*  
31 *determination in a timely manner that accommodates the*  
32 *department's schedule for consideration of the application.*

33 *6614. (a) Upon certification of the appropriate environmental*  
34 *documents by the lead agency, the commission shall determine,*  
35 *or cause to be determined, the cost savings that will result from*  
36 *the partial removal of an offshore oil structure as proposed in the*  
37 *application compared to full removal of the structure.*

38 *(b) The commission shall ensure that any cost savings are*  
39 *accurately and reasonably calculated. The commission may*  
40 *contract or enter into a memorandum of understanding with any*

1 *other appropriate governmental agency or other party, including*  
2 *an independent expert, to ensure that cost savings are accurately*  
3 *and reasonably calculated.*

4 *(c) The commission shall consider any estimates of cost savings*  
5 *made by any governmental agency, including, but not limited to,*  
6 *the Internal Revenue Service, the Franchise Tax Board, and the*  
7 *United States Department of the Interior. The commission shall*  
8 *include in its determination a written explanation, which shall be*  
9 *available to the public, of the differences, and the reasons for the*  
10 *differences, between the commission's determination of cost*  
11 *savings and any other estimates of cost savings the commission*  
12 *considered.*

13 *(d) The applicant shall provide all necessary documentation,*  
14 *as determined by the commission, to allow the commission to*  
15 *calculate the amount of cost savings. Failure to provide*  
16 *information requested by the commission in a timely manner may*  
17 *result in rejection of the application.*

18 *(e) The determination made pursuant to this section and*  
19 *submitted to the department by the commission shall constitute*  
20 *the final determination and may not be revised except by the*  
21 *commission.*

22 *(f) The commission shall take all feasible steps to complete its*  
23 *determination in a timely manner that accommodates the*  
24 *department's schedule for consideration of the application.*

25 *6615. Prior to granting conditional approval of an application*  
26 *for partial removal of an offshore oil structure, the department*  
27 *shall do all of the following:*

28 *(a) Prepare a plan to manage the offshore oil structure after*  
29 *its partial removal. The plan shall include measures to manage*  
30 *fishery and marine life resources at and around the structure in a*  
31 *manner that will ensure that the net benefits to the marine*  
32 *environment identified pursuant to Section 6613 are maintained*  
33 *or enhanced. Management measures may include a buffer zone in*  
34 *which fishing or removal of marine life is restricted or prohibited.*

35 *(b) Provide an opportunity for public comment on the*  
36 *application pursuant to the California Environmental Quality Act.*

37 *(c) Hold a public hearing in the county nearest to the location*  
38 *of the offshore oil structure that is the subject of the application.*

1     6616. *The department may grant conditional approval of an*  
2 *application for partial removal of an offshore oil structure only if*  
3 *all of the following criteria are satisfied:*

4     (a) *The partial removal of the offshore oil structure and the*  
5 *planning, development, maintenance, and operation of the structure*  
6 *would be consistent with all applicable state, federal, and*  
7 *international laws, including, but not limited to, all of the*  
8 *following:*

9     (1) *The federal Magnuson-Stevens Fishery Conservation and*  
10 *Management Act (16 U.S.C. Sec. 1801 et seq.).*

11     (2) *The federal National Fishing Enhancement Act of 1984 (33*  
12 *U.S.C. Sec. 2101 et seq.).*

13     (3) *The federal Coastal Zone Management Act (16 U.S.C. Sec.*  
14 *1451 et seq.).*

15     (4) *The California Coastal Management Program.*

16     (5) *The Marine Life Management Act (Part 1.7 (commencing*  
17 *with Section 7050)).*

18     (6) *The Marine Life Protection Act (Chapter 10.5 (commencing*  
19 *with Section 2850) of Division 3).*

20     (7) *State and federal water quality laws.*

21     (8) *Navigational safety laws.*

22     (b) *The partial removal of the offshore oil structure provides a*  
23 *net benefit to the marine environment compared to full removal*  
24 *of the structure, as determined pursuant to Section 6613.*

25     (c) *The cost savings that would result from the conversion of*  
26 *the offshore oil platform or production facility have been*  
27 *determined pursuant to Section 6614.*

28     (d) *The owner or operator of the offshore oil structure has*  
29 *provided sufficient funds pursuant to the agreement required in*  
30 *subdivision (b) of Section 6612.*

31     (e) *The department and the applicant have entered into a*  
32 *contractual agreement whereby the applicant will provide sufficient*  
33 *funds for overall management of the structure by the department,*  
34 *including, but not limited to, ongoing management, operations,*  
35 *maintenance, monitoring, and enforcement as these relate to the*  
36 *structure.*

37     (f) *The department has entered into an indemnification*  
38 *agreement with the owner or operator of the structure that*  
39 *indemnifies the state, to the extent permitted by law, against any*  
40 *and all liability that may result, including, but not limited to, active*

1 negligence, and including defending the state against any claims  
2 against the state for any actions the state undertakes pursuant to  
3 this article. In adopting indemnification requirements for the  
4 agreement, the department shall ensure that the state can defend  
5 itself against any liability claims against the state for any actions  
6 the state undertakes pursuant to this article and pay any resulting  
7 judgments. The department shall consult with and, as necessary,  
8 use the resources of the office of the Attorney General in preparing  
9 and entering into the indemnification agreement.

10 (g) The owner or operator of the structure has applied for and  
11 received all required permits, leases, and approvals issued by any  
12 governmental agency, including, but not limited to, a lease issued  
13 by the commission if the proposed project involves state tidelands  
14 and submerged lands. For structures located in federal waters,  
15 all of the following requirements shall be met:

16 (1) The department and the owner or operator of the structure  
17 reach an agreement providing for the department to take title to  
18 the platform or facility as provided in Section 6620.

19 (2) The department acquires the permit issued by the United  
20 States Army Corps of Engineers.

21 (3) The partial removal of the structure is approved by the  
22 Bureau of Ocean Energy Management, Regulation and  
23 Enforcement of the United States Department of the Interior.

24 6617. Upon a finding that all the requirements of Sections 6615  
25 and 6616 have been met, the department shall grant conditional  
26 approval to an application for partial removal of an offshore oil  
27 structure.

28 6618. (a) The cost savings from the partial removal of an  
29 offshore oil structure, as determined pursuant to Section 6614,  
30 shall be apportioned and transmitted as described in this section.

31 (b) Upon receipt of conditional approval pursuant to Section  
32 6617, the owner or operator of the structure shall apportion and  
33 directly transmit a portion of the total amount of the cost savings  
34 to the entities in subdivision (c) as follows:

35 (1) Fifty-five percent, if transmitted before January 1, 2017.

36 (2) Sixty-five percent, if transmitted on or after January 1, 2017,  
37 and before January 1, 2023.

38 (3) Eighty percent, if transmitted on or after January 1, 2023.

39 (c) Of the total amount of the cost savings to be transmitted  
40 pursuant to subdivision (b), the owner or operator of the structure

1 shall directly transmit the following amounts to the following  
2 entities:

3 (1) Eighty-five percent shall be deposited into the California  
4 Endowment for Marine Preservation established pursuant to  
5 Division 37 (commencing with Section 71500) of the Public  
6 Resources Code.

7 (2) Three percent shall be deposited with the board of  
8 supervisors of the county immediately adjacent to the location of  
9 the facility prior to its decommissioning. The amount paid to the  
10 county shall be managed pursuant to the provisions of paragraph  
11 (1) of subdivision (d) of Section 6817 of the Public Resources  
12 Code.

13 (3) Ten percent shall be deposited into the General Fund.

14 (4) Two percent shall be deposited into the Coastal Act Services  
15 Fund, established pursuant to Section 30620.1 of the Public  
16 Resources Code, and shall be allocated to support state agency  
17 work involving research, planning, and regulatory review  
18 associated with the application and enforcement of coastal  
19 management policies in state and federal waters pursuant to state  
20 and federal quasi-judicial authority over offshore oil and gas  
21 development.

22 6619. Upon a determination by the department that the full  
23 amount of cost savings has been transmitted pursuant to Section  
24 6618, the department shall grant final approval of the application  
25 for partial removal of an offshore oil structure.

26 6620. The department shall not take title to a decommissioned  
27 offshore oil structure in open coastal waters or take responsibility  
28 for management of the structure pursuant to this article until  
29 decommissioning and partial removal of the structure have been  
30 completed and both of the following requirements are met:

31 (a) The partial removal of the structure has been granted final  
32 approval by the department.

33 (b) The state is indemnified, as required in subdivision (f) of  
34 Section 6616, from any liability that may result from approving  
35 the partial removal of an offshore oil structure or any liability that  
36 may result from the ownership of the structure.

37 ~~SECTION 1. It is the intent of the Legislature that the process~~  
38 ~~for evaluating the proposed conversion of decommissioned offshore~~  
39 ~~oil platforms and facilities into artificial reefs take into account~~  
40 ~~the findings and recommendations of the June 2010 study produced~~

1 by the California Ocean Science Trust, with support from the  
2 Ocean Protection Council and others, entitled “Evaluating  
3 Alternatives to Decommissioning California’s Offshore Oil and  
4 Gas Platforms: A Technical Analysis to Inform State Policy.”

5 SEC. 2. Article 2 (commencing with Section 6420) of Chapter  
6 5 of Part 1 of Division 6 of the Fish and Game Code is repealed.

7 SEC. 3. Article 2 (commencing with Section 6420) is added  
8 to Chapter 5 of Part 1 of Division 6 of the Fish and Game Code,  
9 to read:

10  
11 Article 2. California Marine Life Legacy Act  
12

13 6420. The Legislature finds and declares all of the following:

14 (a) This act shall be known, and may be cited, as the California  
15 Marine Life Legacy Act.

16 (b) California’s extraordinary marine biological diversity is a  
17 vital asset to the state and nation. The diversity of species and  
18 ecosystems found in the ocean waters off the state is important to  
19 public health and well-being, ecological health, and  
20 ocean-dependent industries.

21 (c) A program of artificial reef research and development,  
22 including reef design, placement, and monitoring, is in the public  
23 interest and can best be accomplished under the administration of  
24 the department with the cooperation and assistance of the  
25 University of California, the California State University, the State  
26 Lands Commission, the Ocean Protection Council, the California  
27 Ocean Science Trust, other established, appropriate academic  
28 institutions, and other organizations with demonstrated expertise  
29 in the field.

30 (d) This state is currently implementing a system of marine  
31 protected areas in order to protect habitat and ecosystems, conserve  
32 biological diversity, provide a sanctuary for fish and other sea life,  
33 enhance recreational and educational opportunities, and provide  
34 a reference point against which scientists can measure changes  
35 elsewhere in the marine environment, and may help rebuild  
36 depleted fisheries.

37 (e) Efforts to enhance marine diversity through the placement  
38 of artificial reefs need to be investigated.

39 (f) A state artificial reef research and construction program  
40 under the administration of the department is necessary to

1 ~~coordinate ongoing studies and construction of artificial reefs in~~  
2 ~~waters of the state.~~

3 ~~(g) It is important to provide adequate funding to meet~~  
4 ~~legislatively imposed mandates.~~

5 6421. For purposes of this article, the following terms have  
6 the following meanings:

7 (a) ~~“Artificial reef” means manmade or natural objects~~  
8 ~~intentionally placed or allowed to remain in place in selected areas~~  
9 ~~of the marine environment to create conditions that induce~~  
10 ~~production of fish and invertebrates on natural reefs and rough~~  
11 ~~bottoms, support additional biomass, enhance biodiversity and that~~  
12 ~~stimulate the growth of kelp or other midwater plant life that~~  
13 ~~creates natural habitat for those species.~~

14 (b) ~~“Commission” means the State Lands Commission.~~

15 (c) ~~“Cost savings” means the difference between the estimated~~  
16 ~~cost to the operator or owner of complete removal of an offshore~~  
17 ~~oil platform or production facility and the costs incurred by the~~  
18 ~~operator or owner of converting a platform or facility into an~~  
19 ~~artificial reef.~~

20 (d) ~~“Council” means the Ocean Protection Council.~~

21 (e) ~~“Endowment” means the California Endowment for Marine~~  
22 ~~Preservation established in Division 37 (commencing with Section~~  
23 ~~71500) of the Public Resources Code.~~

24 (f) ~~“Exclusive economic zone (EEZ)” means the zone as~~  
25 ~~measured from the mean high tide line seaward to 200 nautical~~  
26 ~~miles as set forth in the Presidential Proclamation 5030 of March~~  
27 ~~10, 1983, in which the United States proclaimed jurisdiction over~~  
28 ~~the resources of the ocean within 200 miles of the coastline.~~

29 (g) ~~“National Fishing Enhancement Act of 1984” means Title~~  
30 ~~II of Public Law 98-623.~~

31 (h) ~~“Offshore oil platform or production facility” means~~  
32 ~~platforms, piers, and artificial islands located seaward of mean~~  
33 ~~lower low water, used for oil and gas exploration, development,~~  
34 ~~production, processing, or storage.~~

35 (i) ~~“Oil” means any kind of petroleum, liquid hydrocarbons,~~  
36 ~~natural gas, or petroleum products or any fraction or residues~~  
37 ~~therefrom.~~

38 (j) ~~“Open coastal marine resource” means those marine resources~~  
39 ~~that use open coastal waters as their habitat.~~



1     ~~(k) “Open coastal waters” means the area composed of the~~  
2 ~~submerged lands of the state that are below the mean lower low~~  
3 ~~water extending seaward to the boundaries of the Exclusive~~  
4 ~~Economic Zone.~~

5     ~~(l) “Production” means increases in the biomass of a species or~~  
6 ~~number of species.~~

7     ~~(m) “Program” means the California Artificial Reef Program~~  
8 ~~administered pursuant to this article.~~

9     ~~(n) “Reef materials” include only materials allowed under the~~  
10 ~~National Artificial Reef Plan, adopted under the federal National~~  
11 ~~Fishing Enhancement Act of 1984 for construction of artificial~~  
12 ~~reefs.~~

13     ~~(o) “State waters” means waters within the seaward boundary~~  
14 ~~of the state as identified in Section 2 of Article III of the California~~  
15 ~~Constitution.~~

16     ~~6422. The department shall administer the program.~~

17     ~~6423. The program shall include all of the following elements:~~

18     ~~(a) The placement of artificial reefs, including, but not limited~~  
19 ~~to, decommissioned offshore oil platforms and production facilities~~  
20 ~~allowed to remain in place in state and federal waters.~~

21     ~~(b) A study of existing successful reefs and all new reefs placed~~  
22 ~~by the program to determine the design criteria needed to construct~~  
23 ~~artificial reefs capable of increasing marine biomass and~~  
24 ~~biodiversity in state and federal waters.~~

25     ~~(c) A determination of the requirements for reef siting and~~  
26 ~~placement.~~

27     ~~(d) Consideration of modification and use of existing marine~~  
28 ~~structures in both state and federal waters as artificial reefs.~~

29     ~~6424. The amount allocated for the administration of the~~  
30 ~~program in any fiscal year shall not exceed the amount authorized~~  
31 ~~by applicable state and federal policy guidelines.~~

32     ~~6425. The Legislature hereby finds and declares all of the~~  
33 ~~following:~~

34     ~~(a) There is an existing permitting process for decommissioning~~  
35 ~~and fully removing offshore oil platforms or production facilities.~~  
36 ~~Owners and operators are currently responsible for the full cost of~~  
37 ~~decommissioning and remediating those facilities.~~

38     ~~(b) According to the Minerals Management Service of the~~  
39 ~~United States Department of the Interior, the 23 oil and gas~~  
40 ~~platforms in federal waters off the California coast are expected~~

~~1 to reach the end of their useful production lifetimes and be  
2 decommissioned between 2015 and 2030.~~

~~3 (e) The California Ocean Science Trust in its June 2010 study,  
4 titled "Evaluating Alternatives for Decommissioning California's  
5 Offshore Oil and Gas Platforms: A Technical Analysis to Inform  
6 State Policy," analyzed a number of options for decommissioning  
7 in addition to full rig removal, but found that the only other feasible  
8 option is partial removal and conversion to an artificial reef.~~

~~9 (d) The California Ocean Science Trust report and other studies  
10 indicate that the partial removal option can result in net  
11 environmental benefits and substantial cost savings compared to  
12 full removal of an oil platform or production facility.~~

~~13 (e) It is in the interest of the state that a portion of the cost  
14 savings that result from that conversion should be shared with the  
15 citizens of this state to protect and enhance the state's marine  
16 resources.~~

~~17 (f) A mechanism is needed to ensure that, if local, state, and  
18 federal agencies allow the conversion of an offshore oil platform  
19 or production facility to an artificial reef, the citizens of this state  
20 would share in the savings and those shared funds would be used  
21 to benefit the open coastal marine resources of the state.~~

~~22 6425.5. The department shall serve as the primary authority  
23 for managing and operating decommissioned offshore oil platforms  
24 or production facilities approved pursuant to this article. The  
25 department may obtain funds for the planning, development,  
26 maintenance, and operation of those facilities and may accept gifts,  
27 subventions, grants, rebates, and subsidies from any lawful source.  
28 The department may adopt regulations to implement this article.~~

~~29 6426. (a) The Legislature hereby finds and declares all of the  
30 following:~~

~~31 (1) The conversion of offshore oil platforms or production  
32 facilities should not be done until there has been a thorough  
33 scientific study and evaluation.~~

~~34 (2) The costs of such a study should be borne by the operators  
35 of offshore oil platforms or production facilities.~~

~~36 (3) Each offshore oil platform or production facility creates a  
37 unique environment because of its location, depth, and other  
38 ecological factors.~~

~~39 (4) Because of significant variations, those scientific studies  
40 and evaluations should be done for each offshore oil platform or~~

1 production facility for which an application for the conversion of  
2 the oil platform or production facility has been made to the  
3 department.

4 (b) This article establishes a program through which an owner  
5 or operator of an offshore oil platform or production facility may  
6 voluntarily apply to the department to convert an offshore oil  
7 platform or production facility to an artificial reef. In addition to  
8 meeting the other requirements of this article, an owner or operator  
9 that chooses to apply to convert an offshore oil platform or  
10 production facility shall meet application requirements to be  
11 designed by the department to receive information needed to  
12 facilitate review of the application in a timely manner, including  
13 as specified in subdivision (d). In order to facilitate timely review,  
14 the department may require the applicant to include either or both  
15 of the following in the application:

16 (1) A plan for converting the offshore oil platform or production  
17 facility into an artificial reef, including removal of any portion of  
18 the platform or facility as appropriate to maintain navigational  
19 safety.

20 (2) A management plan for the artificial reef, including  
21 maintenance in a manner consistent with navigational safety,  
22 enforcement and monitoring.

23 (c) The information submitted pursuant to paragraphs (1) and  
24 (2) of subdivision (b) shall be used by the department for advisory  
25 purposes only. Final determinations regarding the conversion and  
26 management of the offshore oil platform or production facility  
27 shall be made solely by the department based on its independent  
28 review and judgment.

29 (d) A proposed project to convert an offshore oil platform or  
30 production facility into an artificial reef pursuant to this article is  
31 a project as defined in subdivision (e) of Section 21065 of the  
32 Public Resources Code and is therefore subject to the California  
33 Environmental Quality Act (Division 13 (commencing with Section  
34 21000) of the Public Resources Code) and qualifies for the time  
35 limits established in Section 21100.2 of the Public Resources Code.

36 6427. The department may conditionally approve the  
37 conversion of an offshore oil platform or production facility only  
38 if all of the following criteria are satisfied, and in accordance with  
39 Sections 6427.2 and 6427.3:

~~(a) The conversion of the offshore oil platform or production facility, and the planning, development, maintenance, and operation of that platform or facility, would be consistent with all applicable state, federal, and international laws, including, but not limited to, all of the following:~~

~~(1) The federal Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. Sec. 1801 et seq.).~~

~~(2) The federal National Fishing Enhancement Act of 1984.~~

~~(3) The California Coastal Management Program.~~

~~(4) The Marine Life Management Act of 1998 (Chapter 1052 of the Statutes of 1998).~~

~~(5) The Marine Life Protection Act (Chapter 10.5 (commencing with Section 2850) of Division 3).~~

~~(6) State and federal water quality laws.~~

~~(7) Navigational safety laws.~~

~~(b) The alternative of converting the decommissioned offshore oil platform or production facility provides a net benefit to the environment compared to the alternative of removing the facilities.~~

~~, as determined pursuant to Section 6428. The determination made pursuant to Section 6428 and submitted to the department by the council shall constitute the determination of whether the proposed conversion provides a net environmental benefit for purposes of meeting the requirements of this section.~~

~~(c) The cost savings that would result from the conversion of the offshore oil platform or production facility have been determined pursuant to Section 6429. The determination made pursuant to Section 6429 and submitted to the department by the commission shall constitute the determination of cost savings for purposes of meeting the requirements of this section.~~

~~(d) The owner or operator of the offshore oil platform or production facility provides sufficient funds to the department, council, and commission for each agency to carry out all required activities pursuant to this article, including, but not limited to, all of the following:~~

~~(1) Environmental review of the proposed project pursuant to subdivision (d) of Section 6426.~~

~~(2) A determination pursuant to Section 6428 whether the conversion of the offshore oil platform or production facility into an artificial reef provides a net benefit to the environment compared to the alternative of removing the facilities from the environment.~~

1     ~~(3) A determination pursuant to Section 6429 of the cost savings~~  
2     ~~of the proposed conversion of the offshore oil platform or~~  
3     ~~production facility into an artificial reef.~~

4     ~~(4) Other activities undertaken to meet the requirements of this~~  
5     ~~section and Section 6427.5, including the costs of reviewing,~~  
6     ~~approving, and permitting the proposed projects, which includes~~  
7     ~~the costs of determining whether the project meets the requirements~~  
8     ~~of all applicable laws and regulations and the costs of~~  
9     ~~environmental assessment and review.~~

10    ~~(5) Overall management of the reef by the department that~~  
11    ~~includes, but is not limited to, preparation of a reef management~~  
12    ~~plan pursuant to paragraph (2) of subdivision (a) of Section 6427.3,~~  
13    ~~enforcement, research and monitoring, long-term management,~~  
14    ~~operations, and maintenance.~~

15    ~~(e) The owner or operator of the oil platform or production~~  
16    ~~facility indemnifies the state by entering into an agreement that~~  
17    ~~meets all the requirements of paragraph (3) of subdivision (a) of~~  
18    ~~Section 6427.3.~~

19    ~~(f) The owner or operator of the offshore oil platform or~~  
20    ~~production facility applies for, and receives, all required permits~~  
21    ~~and approvals issued by any governmental agency, including, but~~  
22    ~~not limited to, the permit issued by the United States Army Corps~~  
23    ~~of Engineers if the department does not take title to the platform~~  
24    ~~or facility as provided in Section 6427.5 and a lease issued by the~~  
25    ~~commission if the proposed project involves state tidelands and~~  
26    ~~submerged lands.~~

27    ~~(g) For oil platforms or production facilities located in federal~~  
28    ~~waters all of the following requirements are met:~~

29    ~~(1) The department and the owner or operator of the platform~~  
30    ~~or facility reach an agreement providing for the department to take~~  
31    ~~title to the platform or facility as provided in Section 6427.5.~~

32    ~~(2) The department acquires the permit issued by the United~~  
33    ~~States Army Corps of Engineers.~~

34    ~~(3) The conversion to an artificial reef is approved by the United~~  
35    ~~States Minerals Management Service.~~

36    ~~6427.1. (a) When the department receives an application to~~  
37    ~~convert an offshore oil platform or oil production facility pursuant~~  
38    ~~to this article, it shall submit a copy of the application to the council~~  
39    ~~and the commission. The submittal of the application shall serve~~  
40    ~~as notice as required by Sections 6428 and 6429.~~

~~(b) When the department makes a determination that an application for conversion of a decommissioned offshore oil platform or production facility has satisfied all the criteria in this section, it shall immediately notify the California Endowment for Marine Preservation, established pursuant to Division 37 (commencing with Section 71500) of the Public Resources Code, of its determination.~~

~~6427.2. If the department determines that all the criteria for conditional approval specified in Section 6427 have been satisfied, the department shall, prior to granting conditional approval, provide public notice of its determination, provide an opportunity for public comment, and hold a public hearing.~~

~~6427.3. (a) In addition to the requirements of Section 6427.2, prior to the conditional approval of the conversion of an offshore oil platform or production facility pursuant to Section 6427, the department shall do all of the following:~~

~~(1) Conduct an environmental review of the project pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.~~

~~(2) Prepare a plan to manage the offshore oil platform or production facility after its conversion. The plan shall include measures to manage fishery and marine life resources at and around the reef, which may include a buffer zone in which fishing or removal of marine life is restricted or prohibited.~~

~~(3) Enter into an indemnification agreement with the owner or operator of the offshore oil platform or production facility that indemnifies the state, to the extent permitted by law, against any and all liability that may result, including, but not limited to, active negligence, and including defending the state against any claims against the department for any actions the department undertakes pursuant to this article. In adopting indemnification requirements for the agreement, the department shall ensure that the state can defend itself against any liability claims against the department for any actions the department undertakes pursuant to this article and pay any resulting judgments. The department shall consult with and, as necessary, use the resources of the office of the Attorney General in preparing and entering into the indemnification agreement.~~

~~(4) Determine that the conversion would be consistent with all applicable laws identified in subdivision (a) of Section 6427.~~

1     ~~(5) Make all the findings required in Section 6427. If the~~  
2     ~~department determines the applicant for conversion of an oil~~  
3     ~~platform or production facility has satisfied all the criteria in~~  
4     ~~Section 6427, it shall grant the applicant conditional approval.~~

5     ~~(b) Upon receipt of conditional approval pursuant to Section~~  
6     ~~6427, the owner or operator of the platform or facility shall~~  
7     ~~apportion and directly transmit an amount equaling 50 percent of~~  
8     ~~the cost savings, as determined pursuant to Section 6429, to the~~  
9     ~~following in the following amounts:~~

10    ~~(1) Eighty-five percent shall be deposited into the California~~  
11    ~~Endowment for Marine Preservation established pursuant to~~  
12    ~~Division 37 (commencing with Section 71500) of the Public~~  
13    ~~Resources Code.~~

14    ~~(2) Five percent shall be deposited with the board of supervisors~~  
15    ~~of the county immediately adjacent to the location of the facility~~  
16    ~~prior to its decommissioning. The amount paid to the county shall~~  
17    ~~be managed pursuant to the provisions of paragraph (1) of~~  
18    ~~subdivision (d) of Section 6817 of the Public Resources Code.~~

19    ~~(3) Ten percent shall be deposited into the General Fund.~~

20    ~~(b) The department shall not grant final approval of the~~  
21    ~~conversion of an offshore oil platform or production facility into~~  
22    ~~an artificial reef until all requirements of subdivision (a) are met.~~

23    ~~(c) Moneys deposited pursuant to this section shall be held in~~  
24    ~~trust for the purposes described in this section.~~

25    ~~6427.5. The department shall not take title to a decommissioned~~  
26    ~~offshore oil platform or production facility in open coastal waters~~  
27    ~~or take responsibility for implementation of a management plan~~  
28    ~~pursuant to this article until decommissioning and conversion of~~  
29    ~~the offshore oil platform or production facility have been completed~~  
30    ~~and both of the following requirements are met:~~

31    ~~(a) The conversion of the oil platform or production facility has~~  
32    ~~been approved by the department pursuant to Sections 6427 and~~  
33    ~~6427.3.~~

34    ~~(b) The state is indemnified, as required in subdivision (c) of~~  
35    ~~Section 6427, from any liability that may result from approving~~  
36    ~~the conversion of an offshore oil platform or production facility~~  
37    ~~or any liability that may result from the ownership of the converted~~  
38    ~~platform or facility.~~

39    ~~6428. (a) Prior to the conditional approval of the conversion~~  
40    ~~of an oil platform or production facility pursuant to Section 6427,~~

1 the council shall determine whether the conversion of a specified  
2 oil platform or production facility for use as an artificial reef  
3 provides a net benefit to the environment compared to the  
4 alternative of removing the oil platform or production facility.

5 (b) In making the determination pursuant to subdivision (a), the  
6 council shall take into account the contribution of the proposed  
7 artificial reef to protection and productivity of fish and other marine  
8 life, any adverse impacts to biological resources, water quality,  
9 air quality, or any other offshore or onshore environmental impacts  
10 from the full removal of the facility that would be avoided by  
11 conversion to an artificial reef, and any adverse impacts to  
12 biological resources, water quality, air quality, or any other offshore  
13 or onshore environmental impacts from the decommissioning and  
14 conversion of the facility into an artificial reef. Benefits resulting  
15 from the contribution of cost savings to the endowment shall not  
16 be considered in the determination of net environmental benefit.

17 (c) (1) The council shall determine criteria for biological  
18 evaluation of an oil platform or production facility for use as an  
19 artificial reef. The criteria shall include, but are not limited to,  
20 the depth of the artificial reef in relation to its value as habitat and  
21 the location of the artificial reef in relation to other reefs, both  
22 natural and artificial. The criteria shall not include any  
23 consideration of the funds to be generated by the conversion to an  
24 artificial reef. In determining the criteria for biological evaluation,  
25 the council shall consult with appropriate entities, including, but  
26 not limited to, the department, the commission, the California  
27 Coastal Commission, and the California Ocean Science Trust.

28 (2) The council shall commence developing the criteria required  
29 by this subdivision upon receiving a copy of the application  
30 pursuant to subdivision (a) of Section 6427.1. The council's  
31 determination of those criteria is a necessary part of any  
32 consideration of an application to convert an offshore oil platform  
33 or production facility pursuant to this article, and the costs of  
34 determining those criteria shall be borne by the applicant or  
35 applicants, as required in subdivision (d) of Section 6427.

36 (d) The council shall take all feasible steps to complete its  
37 determination in a timely manner that accommodates the time  
38 limits for environmental review required pursuant to Section 6427.

39 6429. (a) Prior to the conditional approval of a conversion of  
40 an offshore oil platform or production facility pursuant to Section



1 ~~6427, the commission shall determine, or cause to be determined,~~  
2 ~~the cost savings that will result from the conversion.~~

3 ~~(b) The commission shall ensure that any cost savings are~~  
4 ~~accurately and reasonably calculated. The commission may contract~~  
5 ~~or enter into a memorandum of understanding with any other~~  
6 ~~appropriate governmental agency or other party, including an~~  
7 ~~independent expert, to ensure that cost savings are accurately and~~  
8 ~~reasonably calculated.~~

9 ~~(c) The commission shall consider any estimates of cost savings~~  
10 ~~made by any governmental agency, including, but not limited to,~~  
11 ~~the Internal Revenue Service, the Franchise Tax Board, and the~~  
12 ~~Minerals Management Service of the United States Department~~  
13 ~~of the Interior. The commission shall include in its determination~~  
14 ~~a written explanation, which shall be available to the public, of~~  
15 ~~the differences, and the reasons for the differences, between the~~  
16 ~~commission's determination of cost savings and any other estimates~~  
17 ~~of cost savings the commission considered.~~

18 ~~(d) The commission shall commence its determination of cost~~  
19 ~~savings as required in subdivision (a) upon receiving a copy of the~~  
20 ~~application pursuant to subdivision (a) of Section 6427.1. The~~  
21 ~~commission's determination of the cost savings is a necessary part~~  
22 ~~of any consideration of an application to convert an oil platform~~  
23 ~~or oil production facility pursuant to this article, and the costs of~~  
24 ~~making that determination shall be borne by the applicant or~~  
25 ~~applicants, as required in subdivision (d) of Section 6427.~~

26 ~~(e) The commission shall take all feasible steps to complete its~~  
27 ~~determination in a timely manner that accommodates the time~~  
28 ~~limits for the department whether to grant conditional approval~~  
29 ~~pursuant to Section 6427.~~

30 ~~6429.1. The oil platform or production facility owner or~~  
31 ~~operator at any time prior to transfer of title to the state, at its sole~~  
32 ~~discretion, shall have the right to cease participation in the artificial~~  
33 ~~reef conversion and pursue full decommissioning, subject to~~  
34 ~~reimbursement to the state of the reasonable costs and expenses~~  
35 ~~incurred by the state.~~

36 ~~6429.2. (a) Nothing in this article is intended, and it shall not~~  
37 ~~be construed, to limit or affect the authority or duties of any state~~  
38 ~~or local agency, including, but not limited to, the council, the~~  
39 ~~commission, and the California Coastal Commission.~~

~~(b) Nothing in this article shall be construed to do any of the following:~~

~~(1) Relieve the prior owner or operator of an offshore oil platform or production facility from any continuing liability under any of the following if the liability is associated with seepage or release of oil from an offshore oil platform or production facility that was decommissioned pursuant to an order of, or any action taken by, and in accordance with, any applicable rule or regulation of, any federal or state agency:~~

~~(A) Any state statute or regulation regarding liability for the spilling of oil.~~

~~(B) The federal Oil Pollution Act of 1990 (33 U.S.C. Sec. 2701 et seq.).~~

~~(C) Any other provision of law.~~

~~(2) Establish any new liability on the part of the state.~~

~~(3) Require any agency with jurisdiction to approve the artificial reef conversion, in whole or in part, of an offshore oil platform or production facility.~~

~~(4) Promote, encourage, or facilitate offshore oil exploration, development, and production within California's open coastal waters.~~

~~(5) Require the United States Department of the Interior's Minerals Management Service or the State Lands Commission to modify, amend, or alter an existing oil and gas lease to approve conversion of an offshore oil platform or production facility.~~

~~(6) Alter any existing law or applicable rule or regulation of any federal or state agency that establishes liability for damages arising with respect to artificial reefs or reef materials, including, but not limited to, components of decommissioned oil facilities.~~

~~(7) Alter any existing law or policy that protects natural reefs.~~

~~(8) Approve any particular method of abandonment.~~

~~(c) Any conversion of an offshore oil platform or production facility for use as an artificial reef shall not be used or counted as mitigation for any environmental impacts or natural resource damages.~~

~~SEC. 4.~~

~~SEC. 2. Division 37 (commencing with Section 71500) is added to the Public Resources Code, to read:~~

DIVISION 37. CALIFORNIA ENDOWMENT FOR MARINE  
PRESERVATION

CHAPTER 1. FINDINGS AND DECLARATIONS

71500. (a) The Legislature hereby finds and declares all of the following:

(1) The Pacific Ocean and its rich marine living resources are of great environmental, economic, aesthetic, recreational, educational, scientific, social, cultural, and historic importance to the people of California.

(2) California's marine living resources depend on a healthy marine environment, which comprises open coastal waters as well as coastal estuaries, wetlands, rivers and streams, and lands within the coastal zone.

~~(3) Programs to conserve, protect, restore, and enhance the marine resources of the state are needed because of past overfishing and coastal pollution that have damaged marine habitats and their ecosystems. These programs should be coordinated with efforts to reduce overfishing and coastal pollution that damage marine habitats and their ecosystems.~~

*(3) Overfishing, coastal pollution, and other unsustainable marine activities have damaged marine fisheries, habitats, and ecosystems. Programs are needed to conserve, protect, restore, and enhance the marine resources of the state and to improve the environmental sustainability of marine-related activities and encourage those activities that are environmentally sustainable. These programs should be focused on, and coordinated with, efforts to reduce overfishing and coastal pollution and to support sustainable marine activities and improve the sustainability of all marine activities.*

(4) The State of California recognizes the need to formulate its coastal and ocean resource management policies based on the best available scientific information and should utilize the University of California, the California State University, other institutions of higher learning, and marine science research institutions to the extent feasible to assist it in achieving that goal.

(5) The California Ocean Resources Management Act of 1990 is designed to ensure that the state's ocean resources are managed, conserved, and enhanced in a comprehensive and coordinated

manner. The California Ocean Protection Act furthered that mission by establishing the Ocean Protection Council, whose duties include coordination of state activities to protect coastal waters and ocean ecosystems, establishment of a science advisory team of distinguished scientists from a range of disciplines related to coastal and ocean resources, and contracting with the California Ocean Science Trust and other academic and nonprofit organizations to carry out scientific and educational activities consistent with that act.

(6) The ability of the state to carry out the mission of the California Ocean Protection Act is constrained by the availability of funds appropriated in the state budget.

(7) It is in the interest of the people of the state to establish an endowment, which would be independent of the state's budget process and would impose no cost on the General Fund of the state, to provide a stable and ongoing source of funding in perpetuity to conserve, protect, restore, and enhance the marine resources of the state in a manner that is consistent with the California Ocean Protection Act.

## CHAPTER 2. DEFINITIONS

71520. Unless the context requires otherwise, the following definitions govern the construction of this division:

(a) "Board" or "endowment board" means the Board of Directors of the California Endowment for Marine Preservation.

(b) "Endowment" means the California Endowment for Marine Preservation.

(c) "Exclusive economic zone (EEZ)" means the zone as measured from the mean high tide line seaward to 200 nautical miles as set forth in the Presidential Proclamation 5030 of March 10, 1983, in which the United States proclaimed jurisdiction over the resources of the ocean within 200 miles of the coastline.

(d) "*Nonprofit organization*" means any nonprofit corporation qualified to do business in California, and qualified under Section 501(c)(3) of the Internal Revenue Code.

~~(e)~~

(e) "Open coastal marine resource" means those marine resources that use open coastal waters as their habitat.

~~(e)~~

1 (f) “Open coastal waters” means the area composed of the  
2 submerged lands of the state that are below the mean lower low  
3 water extending seaward to the boundaries of the ~~Exclusive~~  
4 ~~Economic Zone~~ *exclusive economic zone*.

5  
6 CHAPTER 3. ESTABLISHMENT AND GOVERNANCE  
7

8 71530. The California Endowment for Marine Preservation is  
9 hereby established. The endowment is subject to this division and  
10 to the Nonprofit Public Benefit Corporation Law (Part 2  
11 (commencing with Section 5110) of Division 2 of Title 1 of the  
12 Corporations Code). If there is a conflict between this division and  
13 the Nonprofit Public Benefit Corporation Law, this division shall  
14 prevail.

15 71531. The endowment is governed by the Board of Directors  
16 of the California Endowment for Marine Preservation, consisting  
17 of the following members:

18 ~~(a) The three voting nonpublic members of the Ocean Protection~~  
19 ~~Council established pursuant to Section 35600.~~

20 ~~(a) The Secretary of the Natural Resources Agency.~~

21 ~~(b) The Secretary for Environmental Protection.~~

22 ~~(b) Two members~~

23 ~~(c) One member of the public appointed by the Governor.~~

24 ~~(e)~~

25 ~~(d) One member, appointed by the Speaker of the Assembly,~~  
26 ~~who shall be an expert in marine science fisheries from the~~  
27 ~~University of California, the California State University, or other~~  
28 ~~accredited university.~~

29 ~~(d) One member, appointed by the Speaker of the Assembly,~~  
30 ~~who shall be from a nonprofit, public interest organization with~~  
31 ~~emphasis on marine conservation.~~

32 ~~(e) One member, appointed by the Senate Committee on Rules,~~  
33 ~~who shall be an expert in marine fisheries from the University of~~  
34 ~~California, the California State University, or other accredited~~  
35 ~~university.~~

36 ~~(f)~~

37 ~~(e) One member, appointed by the Senate Committee on Rules,~~  
38 ~~who shall be from a nonprofit public interest organization with an~~  
39 ~~emphasis on marine conservation and or sustainable consumptive~~  
40 ~~recreational activities.~~

1 71532. The term of office of each member of the board  
2 appointed pursuant to subdivisions ~~(b)~~ (c) to (e), inclusive, of  
3 Section 71531 is six years. However, the term of office for the  
4 first board member appointed pursuant to ~~subdivisions (b) and~~  
5 *subdivision* (c) of Section 71531 is three years.

6 71533. Any vacancy on the board shall be filled by the  
7 ~~Governor by appointment for~~ *appointing authority for the*  
8 *remainder of the unexpired term.*

9 71534. (a) The board shall conduct its initial meeting as soon  
10 as possible after incorporation.

11 (b) The board shall meet as often as required, but at least twice  
12 per year.

13 (c) Members of the board shall attend at least 50 percent of all  
14 duly convened meetings of the board in a calendar year. A member  
15 who fails to attend at least 50 percent of all duly convened meetings  
16 of the board in a calendar year forfeits membership on the board.  
17 The vacancy shall be filled pursuant to Section ~~71542~~ 71533.

18 (d) Members of the board shall receive no salary but *members*  
19 *appointed pursuant to subdivisions (c) to (e), inclusive, of Section*  
20 *71531* shall be paid one hundred dollars (\$100) per day for each  
21 meeting and shall be reimbursed for all necessary travel expenses.

22 (e) The Ocean Protection Council shall provide staff services  
23 that the endowment board needs to carry out its duties pursuant to  
24 this division.

25  
26 CHAPTER 5. POWERS AND DUTIES  
27

28 71550. (a) The members of the board first appointed shall  
29 serve as incorporators of the endowment and shall take whatever  
30 actions are necessary to establish the endowment pursuant to the  
31 Nonprofit Public Benefit Corporation Law (Part 2 (commencing  
32 with Section 5110) of Division 2 of Title 1 of the Corporations  
33 Code) once a majority of the board is appointed.

34 (b) *It is the intent of the Legislature that the endowment not be*  
35 *incorporated until the endowment board has received its initial*  
36 *notice of application from the Department of Fish and Game,*  
37 *pursuant to Section 6610 of the Fish and Game Code.*

38 71551. The California Endowment for Marine Preservation  
39 shall receive funds generated pursuant to the California Marine  
40 Resources Legacy Act (Article 2 (commencing with Section 6420))

1 of Chapter 5 of Part 1 of Division 6 of the Fish and Game Code).  
2 ~~It is the intent of the Legislature that the endowment not be~~  
3 ~~incorporated until the endowment board has been notified for the~~  
4 ~~first time by the Department of Fish and Game, pursuant to Section~~  
5 ~~6427.1 of the Fish and Game Code.~~

6 71552. (a) The purpose of the endowment is to create a  
7 permanent source of funding for projects *and programs* that will  
8 conserve, protect, restore, and enhance the coastal and marine  
9 resources of the state, with an emphasis on open coastal marine  
10 resources, *and that will improve the sustainability of marine*  
11 *activities and encourage and support environmentally sustainable*  
12 *marine activities.* To achieve this objective, the endowment board  
13 ~~may allocate funding~~ *award grants to public agencies and*  
14 *nonprofit organizations* to support any or all of the following  
15 activities:

16 ~~(1) Applied research into open coastal marine fisheries, marine~~  
17 ~~habitat, or other related research, including, but not limited to,~~  
18 ~~monitoring and data collection, in support of projects to conserve,~~

19 *(1) Applied research, including, but not limited to, monitoring*  
20 *and data collection in support of projects to conserve, protect,*  
21 *restore, and enhance the open coastal marine resources of the state.*  
22 In so doing, the board shall ~~endeavor to~~ take maximum advantage  
23 of the scientific research expertise available from the University  
24 of California, the California State University, other institutions of  
25 higher learning, and marine science research institutions with  
26 expertise in marine resource issues. ~~Funding for research projects~~  
27 ~~shall not exceed 10 percent of the overall funding in any fiscal~~  
28 ~~year. No more than 10 percent of funds awarded by the endowment~~  
29 ~~in any fiscal year shall be awarded for research.~~

30 (2) Projects in open coastal waters that enhance environmentally  
31 sustainable marine activities.

32 (3) Projects in open coastal waters to enhance the habitat for  
33 open coastal marine life.

34 ~~(4) Programs in open coastal waters that lead to enforcement~~  
35 ~~of laws regulating the take of open coastal marine species, the~~  
36 ~~protection of habitat, and the protection and monitoring~~

37 *(4) Enforcement programs that protect, conserve, and enhance*  
38 *natural resources and marine habitat in and adjacent to open*  
39 *coastal waters, including regulating the take of open coastal*

1 *marine species and monitoring* of open coastal marine species and  
2 habitat with an emphasis on innovative approaches.

3 (5) Programs to aid in the establishment of sustainable fishing  
4 levels and reduce or prevent habitat damage in open coastal waters.

5 (6) Programs to monitor catch and bycatch and to reduce bycatch  
6 in fisheries managed by the State of California and by the United  
7 States.

8 (7) Programs, projects, and activities that are directly related to  
9 the conservation, protection, restoration, and enhancement of  
10 coastal and marine resources of the state, with an emphasis on  
11 open coastal marine resources, and that are authorized by either  
12 paragraph (2) of subdivision (b) of Section 35650 or by Section  
13 75060.

14 (b) Funds provided by the endowment are not intended, and  
15 shall not be used, to supplant funding provided through the annual  
16 budget process to support existing obligations and activities related  
17 to coastal and marine resources.

18 (c) The endowment board may also do all of the following:

19 (1) Obtain grants from, and contract with, individuals and with  
20 private, local, state, and federal agencies, organizations, and  
21 institutions.

22 (2) Contract with, or make grants to, conservation and  
23 educational organizations; marine institutes; aquariums and  
24 museums; institutions of higher education; and local, state, and  
25 federal agencies to carry out the purposes of ~~the endowment~~ *this*  
26 *chapter*.

27 (3) Loan funds to ~~private~~, local, state, and federal agencies,  
28 organizations, and institutions to carry out the purposes of ~~the~~  
29 ~~endowment~~ *this chapter*.

30 (d) The endowment shall create a business plan for a five-year  
31 period. The endowment shall update the plan annually.

32 (e) On or before February 1 each year *following incorporation*,  
33 the endowment shall submit a report *for the preceding fiscal year*  
34 *to the Governor and* to the appropriate fiscal and policy committees  
35 of the Legislature ~~for the preceding fiscal year~~. The report shall  
36 include all of the following:

37 (1) The updated business plan created pursuant to subdivision  
38 (c).



1 (2) A comprehensive and detailed report of the endowment's  
2 operations, activities, financial condition, and accomplishments  
3 under this section.

4 (3) A listing of each recipient of a grant from the endowment  
5 and the purposes and amount of that grant.

6 (4) A listing of any loan that the endowment has received and  
7 the plan for repaying the loan.

8 (5) A report of each independent audit required pursuant to  
9 subdivision (e) of Section 71560.

10 71553. Members of the board and appropriate staff shall be  
11 available to testify before appropriate committees of the  
12 Legislature.

13 71554. The endowment shall not contribute to, or otherwise  
14 support, any political party, candidate for elective public office,  
15 or ballot measure.

16 71555. The endowment may hire employees and may obtain  
17 legal counsel. No employee of the endowment is an employee of  
18 the State of California. No employee of the endowment is subject  
19 to Chapter 10.3 (commencing with Section 3512) of, or Chapter  
20 10.5 (commencing with Section 3525) of, Division 4 of Title 1 of  
21 the Government Code. Employees of the endowment have the  
22 right to representation consistent with the federal National Labor  
23 Relations Act (29 U.S.C. Sec. 151 et seq.).

24 71556. The endowment shall coordinate its activities with the  
25 Department of Fish and Game, the California Coastal Commission,  
26 the San Francisco Bay Conservation and Development  
27 Commission, the State Lands Commission, and appropriate federal  
28 agencies, including the National Marine Fisheries Service and the  
29 Minerals Management Service of the United States Department  
30 of the Interior. Nothing in this division limits the authority and  
31 responsibility of any of these agencies.

32  
33 CHAPTER 6. FINANCIAL TRANSACTIONS AND AUDITS  
34

35 71560. (a) The endowment may receive charitable  
36 contributions or any sources of income that may be lawfully  
37 received, including loans from the state.

38 (b) The endowment shall administer any funds it receives in  
39 accordance with this division.

(c) (1) Except as provided in paragraph (2), the endowment shall invest and manage any funds it receives so that the investments shall provide a source of income in perpetuity and the principal amount consisting of charitable contributions and donations, including cost savings donated pursuant to Section 6427.3 of the Fish and Game Code, shall not be spent. Any returns on investments made by the endowment are the only funds that shall be available for expenditure by the endowment.

(2) Ten percent of any funds received by the endowment pursuant to Section 6427.3 of the Fish and Game Code in a calendar year shall be allocated by the endowment board, pursuant to ~~Section 71552, to qualified state agencies within 24 months of receipt of the funds.~~ *to Section 71552, as grants for projects or programs consistent with the purpose of this chapter within 24 months of receipt of the funds. The majority of these funds shall be granted to state agencies engaged in coastal and ocean protection.*

(d) The endowment shall invest and manage any funds it receives in accordance with the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code).

(e) The accounts of the endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants.

(f) The financial transactions of the endowment for any fiscal year may be audited by the Bureau of State Audits. ~~A report of each audit completed pursuant to this subdivision shall be made to the Legislature and the Governor.~~

(g) Each recipient of assistance by grant, contract, or loan pursuant to this division shall keep records reasonably necessary to disclose fully the amount of the assistance, the disposition of the assistance, the total cost of the project or undertaking in connection with which the assistance is given or used, the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and other records that will facilitate an effective audit. Each recipient of a fixed price contract awarded pursuant to competitive bidding procedures is exempt from the requirements of this subdivision.

(h) The endowment, or its authorized representative, and the Bureau of State Audits shall have access to any records necessary

1 for the purpose of auditing and examining all funds received or  
2 expended by the recipients of assistance.

3 71561. The endowment funds shall be administered and  
4 managed in accordance with all of the following:

5 (a) Reasonably prudent investor standards that will give the  
6 fund the capacity to achieve reasonable rates of return on  
7 investment similar to those of other prudent investors for long-term  
8 investments.

9 (b) Use of generally accepted accounting practices, and  
10 expenditure and investing procedures.

11 (c) Investment policies that are consistent with the Uniform  
12 Prudent Investor Act (Article 2.5 (commencing with Section  
13 16045) of Chapter 1 of Part 4 of Division 9 of the Probate Code),  
14 and with the Uniform Management of Institutional Funds Act (Part  
15 7 (commencing with Section 18501) of Division 9 of the Probate  
16 Code), as applicable.

17 71562. Funds held by the endowment shall revert to the state  
18 or to another public agency or nonprofit organization approved by  
19 the state if the endowment does any of the following:

20 (a) Ceases operations.

21 (b) Is dissolved.

22 (c) Becomes bankrupt or insolvent.

23 (d) Fails to perform its fiduciary duties.